



Department of Energy
Western Area Power Administration
150 East Social Hall Avenue, Suite 300
Salt Lake City, UT 84111-1580

APR 22 2011

VIA E-MAIL ONLY

Dear Salt Lake City Area Integrated Projects Customer:

Under your firm electric service contract, Western assesses energy and demand charges as set forth in Rate Schedule SLIP-F9. Additionally, under this rate schedule a Cost Recovery Charge (CRC) may also be assessed if Western determines it is necessary.

Western is to notify its customers by May 1, 2011, if a CRC is needed in the next fiscal year. I am pleased to announce that we have reviewed our financial situation compared to the anticipated hydropower generation levels and determined the CRC for FY 2012 to be 0.00 mills/kWh. Because there is no CRC, there is no need for action on your part.

Had the CRC been necessary, each customer would have been provided with two sets of energy numbers for the next fiscal year. One set would have shown the full SHP energy allocation, and the other set would have shown a lower SHP allocation. Under this scenario, each customer would then decide whether to accept or decline the CRC. Customers accepting the CRC would receive the full SHP allocation and be charged the additional expense of the CRC. Those customers declining the CRC would avoid the charge, but receive less energy from Western in the next fiscal year.

Since a CRC is not necessary for FY 2012, Western will not be providing you with alternative energy and capacity allocations. Again, no action is needed on your part in response to this letter. Western will proceed as normal and provide you with your Winter Season Attachment later this summer.

If you have any questions, please telephone me at (801) 524-4007.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodney G. Bailey", is written over a horizontal line.

Rodney G. Bailey
Rates Manager

Enclosure